

American Dream Downpayment Initiative (ADDI) Outline

The Louisiana Housing Finance Agency (the “Agency”) has implemented a homeownership initiative in partnership with its participating lenders to expand home ownership opportunities for low-income households throughout the State of Louisiana.

Eligible Funds

Maximum Grant per loan **cannot exceed the greater of 6% of the purchase price or \$10,000**. Funds will be reserved on-line on a first come, first served basis.

Lenders will originate a first mortgage loan; the ADDI funds will be in the form of a soft second mortgage which is forgivable 20% per year.

HOME/MRB and MRB loans are prohibited from participation in the ADDI Program.

The interest rate charged by the lender cannot exceed current market rates for “A” paper loans. The lender must certify that the rate charged the borrower will not exceed current market rates as of the date of lenders’ commitment of the interest rate to the borrower such that the HUD-1 Annual Percentage Rate (APR) will reflect only such adjustments to the interest rate as is necessary to evidence customary and usual charges to close the mortgage loan. Louisiana Housing Finance Agency requires its participating lenders and other financial partners to comply with all applicable laws and regulations regarding predatory lending.

The first mortgage loans originated by the participating lenders must be 30-year fixed rate mortgages only. Conventional, FHA, VA and Rural Development loans are acceptable.

Eligible Properties

Single-family, one-unit dwellings only.

New, double-wide mobile homes, with minimum square footage of 800’ and dimensions of 20’ x 40’, permanently affixed and titled as real estate with an estimated life of greater than 30 years.

Condos and townhomes are eligible.

Purchase price cannot exceed limits as established in Exhibit L.

Property must meet minimum HQS and if built prior to 1978, Lead Based Paint requirements.

The ADDI statute prohibits seller-financed organizations from participating in ADDI as subrecipients or contractors. No amount of ADDI funds may provide funding to an entity

or organization that provides down payment assistance if the activities of that entity or organization are financed in whole or in part, directly or indirectly, by contributions, service fees or other payments from the sellers of housing, whether or not made in connection with the sale of specific housing acquired with ADDI funds.

Eligible Borrowers

Borrowers must be first-time homebuyers (persons not owning a residence in the last 3 years).

Borrowers cannot exceed income limits as outlined in Exhibit L.

No cash back to borrowers at closing – funds may only be used for down payment and closing costs assistance.

Lender Requirements

Lender will be required to fund the Grant at closing. LHFA will reimburse the lender upon receipt and review of the certified recorded Regulatory Agreement from the closing and HUD-a statement supporting the Grant. The lender must agree to supply LHFA with a certified copy of the recorded Regulatory Agreement within 30 days of closing.

Must provide semi-annual reports to LHFA of borrower's payment history.

Must provide documentation on early intervention services should the borrower become 30 days delinquent.

Following is a list of Adobe Acrobat files available for downloading. Documents in Adobe Acrobat "pdf" file format must be viewed with Adobe Acrobat Reader. If you do not have Acrobat Reader, a free version can be downloaded from www.adobe.com.